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SIPDIS

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TAGS: [KPAO](#) [PREL](#) [HR](#)

SUBJECT: CROATIA'S THIRD TELEVISION CHANNEL PRIVATIZED

1. Summary: At its September 16 session, the Croatian Radio and Television Council selected the German-Croatian group, "HRTL," for a 10-year concession for national television broadcasting in Croatia, thus privatizing Croatian Radio and Television's (HRT) third TV channel. The privatization had attracted interest not only within Croatia, but also from major European broadcasters. After the decision was announced, Croatian media circles quickly began to speculate that the end result will be too much German media influence in Croatia. End summary.

2. In December 2002, the Croatian Government announced a public tender process to lease the third HRT channel. The privatization attracted interest not only within Croatia, but also from major European broadcasters, and seven companies filed bids with the state Radio and Television Council. The winner, HRTL, consists of the German RTL television company and a group of Croatian companies, including "Agrokor," "Podravka," "Atlantic Group," "HVB/Splitska Banka," and "Pinta TV3." Overall, RTL has 23 television and 22 radio stations in eight European countries. HRTL prevailed over, among others, the "Rovita" company, whose backer was British media magnate Rupert Murdoch.

3. HRTL has announced that it will start broadcasting primarily entertainment programs, with a heavy dose of locally-produced shows, within the next six months. Given the money and talent behind HRTL, there is no doubt that it will provide state-owned HRT with strong competition, and it is generally hoped that the new commercial channel will raise the standards of Croatian journalism and of Croatian programming. HRT will continue to broadcast on two nationwide channels, HRT1 and HRT2.

4. HRTL will have to pay the equivalent of \$50,000 for the annual broadcasting license, as well as large amounts of money to use the distribution system and satellite connections built years ago by HRT. Only large international corporations had the resources to make an investment of this size, and, in fact, HRTL has already announced it will invest approximately \$30 million in the first year. (Note: Foreign companies, however, could not apply without support of their domestic partners, since Croatian law prohibits 100 percent foreign ownership of a national TV channel.) Before the decision was announced, there had been speculation among media watchers that any losing bidders would appeal the Radio and Television Council's decision, but as things stand now, there are no signs that they will do so.

5. The Mission of the Organisation for Security and Cooperation in Europe (OSCE) to Croatia issued a statement on September 17 stating that it hoped that the decision to allocate the frequency of the third national television channel to a private bidder would promote the private broadcasting sector in Croatia and introduce healthy competition to the national television scene. Mission head Ambassador Peter Semneby said in the statement that "... the bidding procedure ... appeared to be transparent", and that, "This will hopefully contribute to the pluralism of the television market in Croatia and benefit the Croatian public through a wider variety of views in television news programming. We are satisfied with the openness of the selection procedure, regardless of who was eventually awarded the tender."

6. Comment: While there is general satisfaction with the professional quality of RTL, Croatian media observers have already started commenting that, with this decision, Croatian media have, de facto, been turned over to German ownership. Considering the fact that the German company "WAZ"--a co-owner of the German mega-group "Bertelsmann"--owns 50 percent of strategic shares in the largest Croatian newspaper and magazine publisher "Europa Press Holding" (EPH), some

Croatian voices in the media are speculating that German strategic financial, media and political interests have prevailed in Croatia. Unfortunately, the HRTL-run channel will not be operational for the parliamentary elections expected for November 23. The private channel could have provided broader media access for all political parties, which was an issue

for the last elections in 2000.

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